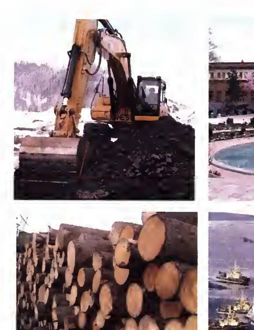




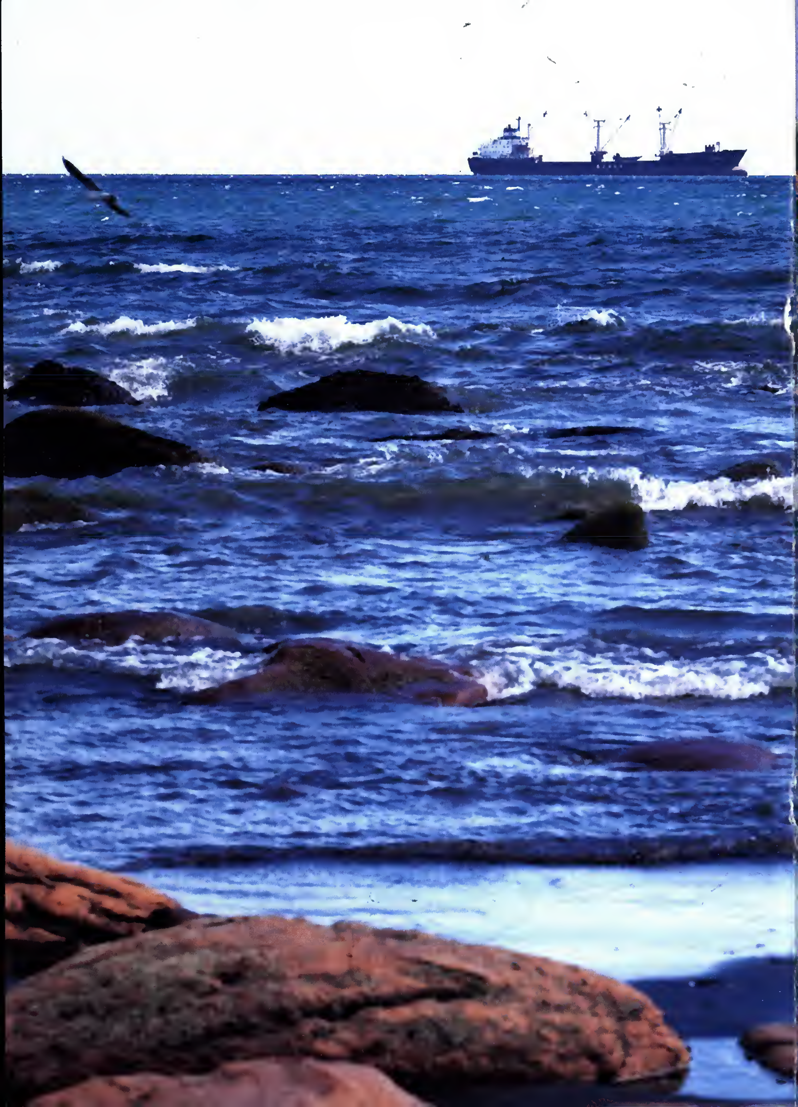








SAKHALIN REGION: DEVELOPMENT STRATEGY 2025





» Sakhalin Region General Information



Sakhalin Region is located in the Far East of the Russian Federation, near the Eastern coasts of Eurasia Mainland on a transition zone from the Continent to the Pacific Ocean. It borders Kamchatka, Khabarovsk and Primorye Districts.

Sakhalin Region located on the islands is a unique subject of the Russian Federation among 83 regions. It contains Sakhalin – the biggest Island in the Russian Federation (approx. 76.0 thousand km²), with the length of 948 km from the North to the South, as well as Moneron,Tyuleniy and Kuril Islands.

The total square of Sakhalin Region is 87.1 thousand km².

Administrative and Territorial Division

The modern boundaries of the Sakhalin Region were formed on January 2, 1947.

The territory of Sakhalin Region consists of 22 municipal districts, including 18 urban districts, 1 metropolitan area, 2 urban settlements, 1 rural settlement.

The administrative centre of the Region is Yuzhno-Sakhalinsk City.

As of January 1, 2012 the Sakhalin Region population has amounted to 495.4 thousand of people.

For the Southern regions of the Island which are more favorable for living and exploration, which is equal to 20% of its total territory, there is concentration of more than 65% of population, 75% of industrial enterprises and more than a half of a total regional agricultural capacity.

According to results of the Russian Census Enumeration as of 2010, there have been living more than 100 nationalities on the territory of Sakhalin Region. About 86.5% of them are Russian, 5.3% – Koreans, and 2.6% – Ukrainians. As for the Northern national ethnic groups the Nivkhs are dominant.



» The Sakhalin Region Economic Capacity

For the last years Sakhalin Region is a leader of Gross Regional Product growth in the Far East.

In 2011 the Sakhalin Region Gross Regional Product amounted to 20.2 billion USD (607,3 billion RUR).

In 2011 the Gross Regional Product per head of the Sakhalin Region population has exceeded the average value against the rest of the Russian Federation in 3.2 times and amounted to 40.8 thousand USD (1224,2 thousand RUR).

According to this result Sakhalin Region keeps the first place in the Far Eastern Federal District and the third place in the whole Russian Federation.

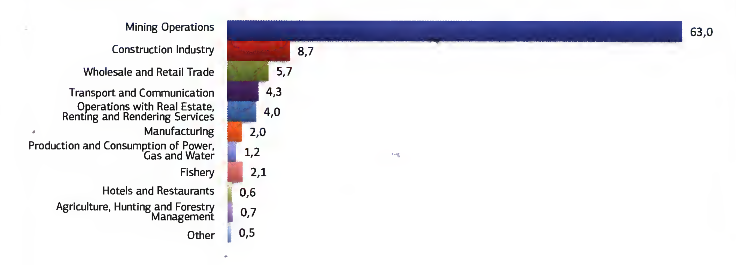
A leading place in the Sakhalin Region economy is occupied by, Production, containing more than 20% of employed people and creating more than 60% of the Gross Regional Product.

The main types of the Sakhalin Region economic activity are Oil and Gas, Fishery, Power and Construction Industries.

The dominant position is taken by the Oil and Gas sector as it obtains about 64.5% of total business volume among all regional organizations.

The Sakhalin Region enterprises produce 3% of Oil and 3.8% of Gas, process and preserve 12.8% of Fish and Seafood, 17% of canned fish natural from the total volume of similar production provided within the Russian Federation territory.

The Structure of business volume produced by organizations according to the types of activity in 2011, %



Foreign Economic Relations and Foreign Investments

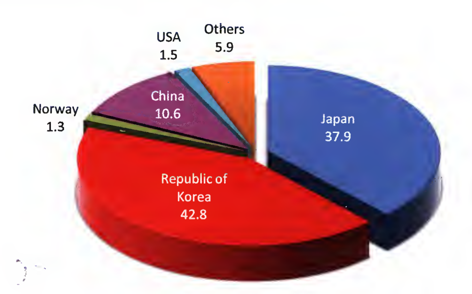
A geographical closeness to the Asian-Pacific Region countries and the richest natural resources capacity are the most important competitive advantages which are effectively used by the Regional enterprises.

For a series of years Sakhalin Region holds the leading positions in the area of foreign trade volume of the Russian Far East.

In 2011 the volume of the Sakhalin Region foreign trade operations has amounted to 17.2 billion USD and in comparison with 2010 had increase of 34.4%. The export volume amounted to 16,0 billion USD and in comparison with 2010 had increase of 35.6%. The import volume amounted to 1.2 billion USD (increase of 20%).

The foreign trade geography was presented by the companies from more than 100 countries all over the world. However, more than 95% of foreign trade volume is occupied by the Asian – Pacific Region countries. The general APR partners of the Sakhalin Region are Republic of Korea (42.8% of regional foreign trade turnover), Japan (37.9% of foreign trade), P.R.C. (10.6%) and USA (1.5%).

Countries being major partners of Sakhalin Region in 2011, %



For the goods export structure the main part is occupied by fuel and power resources (crude oil, liquefied natural gas, and coal) as well as food and food staples (fish, fish products and seafood).

In 2011 the following resources were exported:

- 13.3 mln tones of oil amounted to 11.1 bln USD;
- 10.3 mln tones of LNG amounted to 3.8 bln USD;
- 1.6 mln tones of coal amounted to 96.1 mln USD;
- 277 thousand tones of fish and seafood amounted to 399.4 mln USD.

The strategic purpose of foreign trade development to 2025 is provision of the Sakhalin Region economic system with its balanced entering into the worldwide economic communication system of the Asian-Pacific Region, increasing of the Sakhalin Region foreign trade volume though the product export delivery growth with high share of value added, attracting the investments in order to create industries oriented to the export activity.

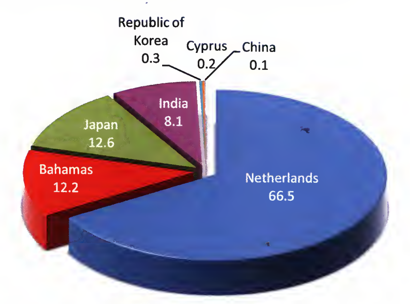
» Foreign Investments

As of the data per January 1, 2012 the volume of foreign investments accrued in the Sakhalin Region economy has amounted to 37.7 billion USD. In 2011 the volume of foreign investments amounted to 7,084.8 mln USD.

The main countries-investors, fulfilling different investments into the Regional economy are - Netherlands (66.5%), Japan (12.6%), the Bahamas (12,2%) and India (8,1%).

Sakhalin Region includes 666 registered enterprises involving foreign funds. 132 of them are the enterprises with investments from the USA, 96 – from Republic of Korea, 89 – Japan and 63 – China.

The Foreign Investments Income in Sections of Countries, % (2011)



As for the investment interaction, the main section where the investments are directed from abroad is the Sakhalin Region Fuel and Energy Industry (99% of all investments is directed to the crude oil and liquefied natural gas production, as well as rendering of services in these fields).

The oil and gas projects investors are: the Netherlands ("SHELL" company – 27.5% of "The Sakhalin Project-2" share); Japan (Japanese companies are included into international consortiums of "Sakhalin Project-1" (Japanese consortium "SODECO") and "Sakhalin Project-2" ("Mitsui" and "Mitsubishi" Companies)); USA (operator of "Exxon Neftegas Limited" project, affiliated company of "Exxon Mobil" Corporation, 30% of "Sakhalin Project-1" share); India ("ONGC Videsh Ltd", is in ownership of an Indian "State Oil and Gas Corporation" ("ONGC"), 20% of "Sakhalin Project-1" share).

Sakhalin Region Strategic Development Trends

The strategy of the Far Eastern and Trans-Baikal social and economic development by 2025 assumes that Sakhalin Region will be able to reach the defined objectives:

• For the nearest 15 years the Gross Regional Product shall grow for more than 3 times, and

• Foreign trade volume to be increased for more than 6 times.

Strategy of Sakhalin Region Social and Economic Development for the Period to 2025 – General Objectives

- Upgrading of infrastructural fields, in order to cross the infrastructure limitations of economic development and create conditions for accelerated economic development of regions;
- Massive process upgrading and modification of industries;
- Development of new economic section, providing complete degree of raw material treatment and maximum usage of advantages related to geographical location and natural resources available in the Sakhalin Region;
- Development of the modern market services, implementation of the modern service standards in higher quality paid sectors of services;
- Accelerated development of economical institutes, determining property rights protection, reinforcement of markets competitiveness, mitigation of investment and entrepreneurial risks, administrative burdens, increasing of state services quality, development of public private partnership;
- Upgrading of social infrastructure, including education, health protection, social protection, culture, physical fitness and sport, housing section, providing arrangement of comfortable living conditions for people;
- Increasing of vocational education competitiveness owing to growth of demand for qualitative man power;
- Upgrading of social services, creating of hi-tech medical centers in the Yuzhno-Sakhalinsk;
- Establishment of valuable housing market and essential growth of people investment to house construction.

Implementation of strategy will allow growth of the Gross Regional Product in the average value of 3–12% per each five years by 2025, and result into improvement of living standards in the Sakhalin Region.





» Exploration of Hydrocarbon Resources





The Sakhalin Region Onshore and Offshore are presented by 81 Oil and Gas fields. The produced fields resources are being assessed as oil and condensate, with about 358 mln tones, gas with 1.5 trillion m³. The main reserves are concentrated in the Offshore area.

The implementation of Sakhalin Oil and Gas projects are being fulfilled since the end of 1990-s, with the magnitude of these projects provided a world-wide reputation for the Sakhalin Region. The Projects are being implemented on the basis of Product Sharing Agreement.

"Exxon Neftegas Limited Company" (with 30% share) is the operator of the "Sakhalin Project-1".The Company partners for this Project are: "Rosneft-Astra" (8.5%), "SakhalinMorNeftegas-Shelf" (11.5%), the Japanese Consortium "SODECO" (30%) and the Indian State Oil Company "ONGC Videsh Ltd." (20%). Within the frames of the Project there are such fields as Chayvo, Odoptu and Arkutun-Dagi have been developed.

Since the beginning of operation there were produced 46.8 mln tones of Oil and 36.2 bln m³ of gas.

The operator of "Sakhalin Project-2" - is Sakhalin Energy Investment Company Ltd., with such shareholders as: "Gasprom" - 50% plus 1 share, "SHELL" - 27.5%, "Mitsui" - 12.5% and "Mitsubishi" - 10% of share. Within the frames of this project the Piltun-Astokhskoye and Lunskoye fields have been developed.

Since the commissioning 32 million tons of oil and condensate is produced. Company produced and offloaded over 25 mln tons of liquefied natural gas (LNG).

One of the latest achievements of the Sakhalin-2 Project is the completing of the Dal'nee Settlement South Gas Transfer Terminal construction, as well as start up and commissioning of the "Dal'nee" Gas Distribution Plant including Gas Pipeline Branch from Sakhalin-2 Main Gas Pipeline to the Yuzhno-Sakhalinsk Thermal Power Plant-1. Gas was delivered to the Yuzhno-Sakhalinsk Thermal Power Plant-1. Construction of the "Dal'nee" Gas Distribution Plant and Gas Pipeline Branch is covered by the Sakhalin Region Gasification Program.

For the Sakhalin Island Offshore there were 10 oil and gas properties explored in general, and on this basis it is supposed to implement the other Sakhalin Projects - "3-9". The total offshore stock of hydrocarbons is assessed as 45 billion barrels of oil equivalent, which can be compared with the volume of unexplored offshore stocks located in the Northern Sea.

For the nearest decade it is planned to implement several new projects comparable with the scale of Sakhalin Projects - "1" and "2" according to their scope. First of all there are licensed subsoil blocks within frames of "Sakhalin-3" Project (Kirinskoye Gas Condensate Field, Kirinskiy License Area).

Oil and gas development in the Sakhalin Region predetermines the creation of the United Developed Oil and Gas Pipeline Transportation System, providing a reliable hydrocarbon product supply onto domestic market and other regions of the Russian Federation, as well as for export.

The Sakhalin Region Government is highly motivated to execute the third phase of the LNG plant construction within the frame of Sakhalin-2 Project, as well as oil and refining production services in the Region. These plans will be capable to supply "Sakhalin 3-4-5" Projects.


KAMAZ



Transport Infrastructure

The most important transport-and-logistics projects of Sakhalin Region which will significantly support a needed infrastructure basis and will increase the quality of life and efficiency of the economy are: construction of a highway, development of a railway traffic, deep water ports, the Yuzhno-Sakhalinsk international airport as well as regional airports located in the North of the Sakhalin and Kuril Islands. Those global-size Russian projects also include the construction plan for a bridge-crossing from the Mainland up to Sakhalin Island.

The arrangement of a baseline transport network is a necessary condition for a dynamic development of the Sakhalin Region economy. Nowadays the density of a public highway with solid cover is 11 km per 1000 km^2 (the average value of the Russian Federation is 37 km).

The direction of the Regional Road Policy is based on creation of the United Public Roads Network on the territory of Sakhalin Region, without soil fractures and "narrow spaces", and with such capacity, providing a clear access of people and business entities to the transport service, as well as acceleration of commodity flow and transportation of people upon the Sakhalin Region.

The base road construction facility is a Yuzhno-Sakhalinsk – Okha highway, connecting the capital of the Sakhalin Region with northern part of the Sakhalin Island. The 233-km area of a highway, which lasts from the Sakhalin Region Centre to the Tumanovo Settlement Makarov Region (further Makarov Town), is now competently upgraded. A new road was installed upon offshore zone and far from the mudflow and avalanche hazardous areas of hills, and this increased its safety for all drivers.

Upgrading the transport infrastructure plays an important role in improvement of export supplies processes from Sakhalin Region to the Asian-Pacific Region countries. The arrangement of a transport connection Uglegorsk – Ilyinsk in particular is the key condition for the Fuel and Energy Complex development on the Western Coast of Sakhalin Island. Creation of a Logistics diagram for the Coal Export Production from Solntsevskiy field up to the Tie-In point into the existing highways and railways will allow to increase the Coal Export Supply for 4 times through the Southern Sakhalin Maritime Ports.

The Yuzhno-Sakhalinsk Airport reconstruction Project involves the upgrading of the air terminal facility and adjoining infrastructure. At the moment the lands are being assigned for design and construction of the new Air Terminal construction. The project is planned to be implemented at a cost of a budget and private investments.

In the current mode the Airport provides 12 domestic and 4 international flights. Among 35 leading Russian airports the Sakhalin Region Airport takes the 23 place, due to the number of passengers being transported by domestic and international airlines. Upgrade of the Main Regional Airport based on the high safety standards applicable to the Aircraft Maintenance and comfortable conditions for the passengers will help the Region to attract new airlines, expand geography of flights and volume of touristic flows, as well as meet the requirements of international airport status and promote purposes for interaction between the Sakhalin Region and countries of Asian-Pacific Region.

The arrangement of the reliable all-the-year-round railway communication both within the Region and between the Sakhalin Island and the mainland shall be one of the major strategic goals in the sphere of the Far East Region and the whole Russian Federation interest.

Decision of this problem is supposed to be a land railway bridge between the Sakhalin Island and the mainland through Nevelskoy Strait and Selikhin railway (Far East Railway) – Nysh (Sakhalin Island). Construction of the direct railway connection between the Sakhalin Island and the mainland will provide the new transport liaison functioning regardless weather conditions, which will be more cheap and reliable against the existing one.



» Coal Industry

The Coal Industry plays a special role in development of Sakhalin Region economic fields.

In 2011 the coal production was fulfilled by 17 enterprises (2 mines and 15 coal strip mines). Total production capacity amounted to 4.1 mln tones per year.



At present days a state of enterprises production capacity is provided owing to a level of a coal production which meets the Sakhalin Region domestic demands for fuel in full scope, and allows to increase amount of coal supplied to the foreign markets step by step, including export.

The biggest coal stocks are located on the Western Coast of Sakhalin Island, including Solntsevskoye field. According to openwork only its geological reserves are about 112 mln tones. And since 1982 there were produced 8.9 mln tones at all in this field.

To use available coal resources as maximum, as possible it is planned to develop an integrated investment project entitled as "Creation of Fuel and Energy Facility on the Western Coasts of the Sakhalin Island".

The investment project includes increasing of coal production and export volume, construction of a power and transport infrastructure.

Potential capabilities of coal production to 2020 are to be 8.0 mln tones.

» Power Industry

The Sakhalin Region Power Industry is the basic area of the Regional Economy.

The general power producing plants are as follow: the Sakhalin GRES, the Yuzhno-Sakhalinsk TPP-1, included into OJSC "SakhalinEnergo", OJSC "Okhinskaya TPP" and OJSC "Nogliki Gas Burning Power Plant".



Nowadays there are several Modernization Projects are implemented in the Region, namely: construction of the Forth and Fifth "Gas" Power Units of the Yuzhno-Sakhalinsk TPP-1 with the total capacity of 230 MW. The Fourth Power Unit construction is planned to be finished in 2013 and the Fifth one – in 2012.

TPP-1 new equipment startup will solve the Island Power System energy shortage problem and guarantee the uninterrupted power distribution to the consumers. Moreover, there will be a generating capacity reserve required for the Industrial and social development. In general, the Yuzhno-Sakhalinsk TPP-1 transfer into the gas supply will improve the ecological situation at the South of Sakhalin Island.

Further development of island energy is related to construction of new coal electric power plant State Regional Electric Power Station in Tomari municipal district. In 2012 the design work of this electric power plant has started. The power capacity of the plant will exceed 30 Megawatts.

Since 2007 the Okhinskaya TPP – the only power supply of the Okhinskiy Region – reconstruction and upgrading works have been being carried out there.

» Construction Industry

The construction complex, especially civil construction, broadly determines decision of the most important tasks related to the implementation of general provisions of the Sakhalin Region Social and Economic Development Strategy till 2025 and is one of priorities for the Sakhalin Region Government works.

In 2011 there were constructed 234.7 thousand m^2 of living space in Sakhalin Region, which is 17.2% more than in 2010.

For 2012 it is planned to accept 300 thousand m^2 of dwelling completions.

The perspective of a construction industry development is related to further application of funds within a long-term target-oriented program "Civil Construction in Sakhalin Region for 2010–2015", as well as to the implementation of the Regional target-oriented program "Improvement of Seismic Resistance for Houses, Main Facilities and Life Support Systems in Sakhalin Region for 2009–2013 and for the period till 2017".

Nowadays the primary construction Industry direction is a development of construction supplies production in Sakhalin Region, which first of all assumes the construction of an autoclave gas-concrete blocks plant with the power capacity 150 thousand m^3 of a product (Dal'nee Settlement, Yuzhno-Sakhalinsk); brick works with the power capacity of 20 mln of standard bricks per year (Dolinsk Region), a Concrete Plant with the power capacity 1,1 mln tones per year (Pobedino Settlement, Smirnykhovskiy Region), as well as arrangement of a plank timber production combined with housing complex production.





» Fishery

Sakhalin Region fishery facilities are ranked number 3 in recovery of marine biological resources and manufacturing of the fish products (food) among the Far East Regions.

Within the Russian Federation the Sakhalin Region takes the lead in capacities of onshore fish processing facilities built. Besides, each 15th can, produced in Russia, is the product made in Sakhalin or Kurily.

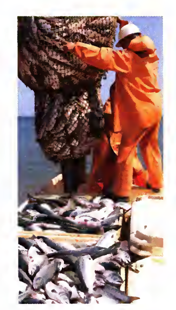
The Sakhalin Region coastal fish processing capacity includes 259 onshore enterprises, initiating production of a great variety of frozen fish, canned fish, preserved fish, culinary and other types of a product.

The number of people employed at the Sakhalin Region Fishery Complex is more than 18 thousand.

Besides the Pacific Salmon, the main objects of economic field are traditionally such as Alaska Pollack, Codfish, Herring, Rock Trout, Flounder, Pacific Saury, Shrimp and Crabs.

Among the Far Eastern regions the Sakhalin region is the only one which deals with the Pacific salmon Farming. According to planting eggs the Salmon fish farms capacity (all forms of property) is more than 800 mln EA. There are 37 Fish Farms on the territory of Sakhalin Region, 21 of them are private ones.

Existing fish processing facilities technical upgrade, modernization, including production of the more processed food play one of the important role at the current phase.



One of the priority directions is the establishment of center of marine culture in Sakhalin region. For this purpose the project of marine bio technopark in Sakhalin and the Kurils territorial basin is developed. It will integrate the coastal complex for producing juvenile fish of invertebrates, facilities and production capacities providing deep complex processing of obtained raw materials (processing center), as well as subsidiary production providing operations of the entire complex.

Facilities of the bio technopark will be located within the territory of Korsakov, Yuzhno-Kurilsk, Aniva, Nevelsk, Poronaysk, Tomari and Kholmsk districts of the Sakhalin region.

» Timber Processing Industry

The Forest Resources take 6950.5 thousand ha, which equals to 87% of Sakhalin Region territory, with total stock volume equal to 625.6 mln m³. Mature and overripe softwood area equals to 2016.5 thousand ha. The reserve of the mature and overripe wood is 314.9 bln m³. For 20102 the Sakhalin Region calculated felling rate is determined in a volume of 2.2 mln m³, including evergreen plants – 1.9 mln m³ of annual consumption.

There are 78 enterprises involved into the timber processing complex. 33 enterprises lead logging activity, renting 36 areas of the forest fund with 502.6 thousand m³. 51 business entities, including 27 individual entrepreneurs, provide woodwork.

Within the frame of "Timber Processing Industry Development Strategy of the Sakhalin Region at the period till 2020" a "Creation of Integrated Timber Processing Industry" Feasibility Study investment project was completed. The project intends to create the infrastructure, timber logging and processing capacities capable to produce 200 thousand m³ of commercially dry lumber per year as well as 370 thousand of dense industrial chips per year. This project implementation will significantly influence the situation we have in the Regional Wood and Paper sector of the economy.

The total demand for investment of integrated wood enterprise company, containing timber cutting, woodworking and auxiliary types of production will be about 208 mln USD. The implementation of the project will involve the following regions' resources: Okhinskiy, Noglokskiy, Tymovskiy, Smirnykhovskiy, Aleksandrovsk-Sakhalinskiy. Currently the project is included into the list of investment projects compiled by the Russian federation Ministry of the Regional Development, as well as into the list of top priority investment projects of the Sakhalin Region. There are prepared documents for approval by the Federal Agency for Forestry Affairs and inclusion of the project into the list of top priority investment projects compiled by the Ministry of Industry and Trade of Russia, after that there will be the procedure of processing and signing of the Agreement on the Lease of a Forest Estate Plot.

In order to support the existing timber process complex enterprises there was approved the Long-term Target-oriented program "Support for the Sakhalin Region Timber Processing Complex development till 2017". Regional budget allocation for this Program will be in the amount of 600 mln RUR for the period of 6 years.



» Agricultural Industry

The Agriculture is the basic field of the global Farming Sector and it plays the main role in the development of rural areas and subsistence provision of people with high quality food.

The largest farming sector enterprises in the Region are the following: State Unitary Enterprise PF "Ostrovnaya", State Unitary Agricultural Enterprise State Farm "Teplichniy", State Unitary Agricultural Enterprise "Komsomolets", SPK "Sokolovskiy", State Unitary Agricultural Enterprise State Farm "Yuzhno-Sakhalinskiy", State Unitary Agricultural Enterprise State Farm "Korsakovskiy", CJSC State Farm "Zarechnoe".

The field specialty of local agricultural product providers is based on the production of potato, field and enclosed vegetables, eat and milk products, eggs and allows at its own cost to satisfy the Sakhalin Region people demand for potato and vegetables – in full scope, for milk – about 31% and meat – 6%.

Perspectives of the Sakhalin Region rural industry growth are related to modernization and upgrading of industry as well as implementation of bioengineering.



» Development of a Sport and Tourist Infrastructure

Sakhalin Region possesses a high natural and recreation capacity and obtains a profitable geostrategic position against main international tourist flows in the Asian-Pacific Region (hereinafter APR).

Availability of balneal and geothermal sources, therapeutic mud fields, more than 1000 cultural and historical sightseeing, the landscape opportunity for alpine skiing and unique hydrology for diving, water sports and marine cruises are the basis for a tourism development.

For the Sakhalin Region there are 61 acting tourist companies, 31 of them are tour operators and 30 – are tourist agents.

Nowadays the Sakhalin Region holds a huge capacity to become the Far Eastern interregional centre of winter sport and recreation. The Sakhalin Islands possesses a fabulous acting "Gorniy Vozdukh" ski centre. The sport and touristic complex is located on the Bolshevik downhill near of the Yuzhno-Sakhalinsk city. It is easy for reach from any kind of numerous hotels of the city. Now the base contains all needed infrastructure for skiing and snowboarding, including 11 alpine skiing routes, 3 elevators and the second worldwide mountain lift of nacelle-seats' type.

The Sakhalin Region pretends to a regional leadership in terms of sport facilities construction. In 2013 it is planned to accept a new ice hockey stadium. During next three years it is planned to put into service the sport complex with multipurpose gym, as well as biathlon and ski jump complexes.

Yuzhno-Sakhalinsk – is one of a very few Russian cities that has an impressive number of modern and comfortable hotels – another positive factor in favor of the Region Development perspectives as both as tourist and sport centre on the Russian Far East.

» State Support of Investment Activity

Sakhalin Region has an acting Law # 16-ZO "On the State Support of Investment Activity in the Sakhalin Region", dd. 31.03.2010 (hereinafter – Law).

According to the Law the State Support of the Investment Activity in Sakhalin Region shall be provided by way of:

1) Tax exemptions for the parties of investment activity implementing investment projects.

For investment activity parties, implementing investment projects on the Sakhalin Region territory, the tax exemptions shall be established for organizations' property and benefits by way of rate reduction for the above kinds of taxes, being subject to enlistment to the regional budget, as well as investment credit.

2) Budget investments into the state and municipal property.

The budget investments shall be directed to construction, reconstruction and (or) upgrading of transport, power producing and utility infrastructure facilities, being publicly owned by the Sakhalin Region or a municipal property in accordance with RF Fiscal Code.

3) Budget investments for legal entities, which are not related to state or municipal establishments, state or municipal unitary enterprises.

The budget investment shall be provided on the basis of agreements "On the Sakhalin Region involvement into ownership of investment parties", concluded according to the RF Fiscal Code between the Sakhalin Region Government and legal entities, which are not state or municipal establishments as well as state or municipal unitary enterprises.

4) Subsidies for recovering expenses carried by the investor.

Subsidies are presented on non-repayable basis for recovering expenses related to implementation of the investment projects. Most demanded mechanism is the obtaining of subsidies for servicing credit agreements.

5) The State guarantees of Sakhalin Region.

The state guarantees of Sakhalin Region shall be presented as provision of obligations fulfilled by the investment activity parties to return of rented cash assets, involved to implementation of investment projects.

6) Organizational and information assistance of investment projects.

The Sakhalin Region Executive Body cooperates with investment activity parties in development and implementation of investment projects, receipt of necessary agreements and approvals from the Federal Executive Authorities and Local Administration.

The Sakhalin Region Executive Body provides presentation of investment projects during the Russian and international exhibitions, expositions and forums.

According to the Law, the state support is provided to investment activity party, implementing investment properties, included into the List of Priority Investment Projects of the Sakhalin Region.

Procedure of including into the List of Priority Investment Projects of the Sakhalin region is specified by Order of reviewing the investment projects for inclusion into the list of Priority investment projects of the Sakhalin region approved by the Decree of the Government of the Sakhalin region dated July 22nd 2010 No 354.

» Sakhalin Region Investment Proposals

Item #	Project name Initiator	Project execution place	Concise project description, production facilities	Execution term	Cost, mln dollars	Financial sources			Creation of jobs	Sakhalin Region Authorities Executive, contact details (address, telephone, fax, e-mail)
						company's proprietary funds	raised			
							private investments	budget investments		
					Power Industry					
1.	Expansion of peat cutting and processing facility, Terra-Torf, LLC	"Tymovskiy Town District" municipal unit (MU)	Arrangement of fuel pet pellets production. Capacity: 500 thousand tons per year	2011–2012	13,0	–	13,0	–	45	Sakhalin Region Ministry of Power, Housing and Utility Services 16 Karla Marxa St., Yuzhno-Sakhalinsk, 693000 telephone numbers: +7 (4242) 469-271, +7 (4242) 469-191 Fax: +7 (4242) 434-840 E-mail: up_com@adm.sakhalin.ru
2.	Construction of Sakhalin Hydropower Plant-2 Sakhalin Region Authorities, RAO "ES Vostoka"	Ilyinskoe Settlment, "Tomarinskiy' Town District	Construction of a new 330 MWatt power generation plant to replace retired capacities of the existing Hydropower Plant	2013–2016	815,5	28,3	451,9	335,3	700	RAO "ES Vostoka" 6 Leningradskaya St., Khabarovsk Tel.: +7 (4212) 26-44-03 Fax: +7 (4212) 26-44-02
					Transport					
3.	Construction of Yuzhno-Sakhalinsk airport terminal Sakhalin Region Authorities OJSC "Yuzhno-Sakhalinsk Airport Terminal"	Khomutovo Settlement, "Yuzhno-Sakhalinsk Town" Town District	Airport terminal acceptance rate increase, maintenance of civil aviation aircrafts in accordance with the current requirements and perspective needs Acceptance rate: 1250 passengers per hour.	2012–2016	91,4	–	91,4	–	40,0	Sakhalin Region Ministry of Transport and Roads Facilities 32 Kommunisticheskiy ave., 693001 Tel.: +7 (4242) 469-317 Fax: +7(4242) 469-367 E-mail: dp_trans@adm.sakhalin.ru
4	Construction of a transportation and logistics facility in between the Solntsevskoe coal field and the port near the Izylmetyeva Cape "Sakhalinugol", LLC.	The Izylmetyeva Cape, Uglegorskiy MU	Construction of a transportation facility on the westem Sakhalin shore to increase export shipments of raw materials from the Uglegorsk coal fields Capacity of: deepwater port with a loading terminal – 500 rm (100 thousand tons DTW ships), cargo turnover – 5 mln tons per year; belt conveyer – 14 km	2011–2016	456,6	53,3	363,3	40,0	1500	Sakhalin Region Ministry of Transport and Road Facilities 32 Kommunisticheskiy Ave., 693001 Tel.: +7 (4242) 469-317 Fax: +7(4242) 469-367 E-mail: dp_trans@adm.sakhalin.ru
5.	Upgrade of the Uglegorsk coal terminal loading facility Shakhtersk Port, Uglegorsk Port, LLC Uglegorskugol, LLC	Uglegorsk Port, Uglegorskiy MU	Upgrade of the Uglegorsk Port hydrotechnical facilities and the upper infrastructure for coal removal increase Capacity (turnover): 1.5 mln tons - at the 1st stage (2013); 5 mln tons – at the 2nd stage (2015–2017)	2011–2014	83,3	50,0	33,3	–	53	Sakhalin Region Ministry of Transport and Road Facilities 32 Kommunisticheskiy Ave., 693001 Tel.: +7 (4242) 469-317 Fax: +7(4242) 469-367 E-mail: dp_trans@adm.sakhalin.ru



			Waste Management							
6.	Construction of a waste segregation and disposal facility in Yuzhno-Sakhalinsk Waste Management Department	"Yuzhno-Sakhalinsk" Town District	Construction of a waste segregation and disposal facility. Capacity: 318 thousand tons of solid domestic waste per year	2012–2017	29,1	–	19,3	9,8	60	Sakhalin Region Ministry of Mineral Resources and Environment Protection 107 Mira Ave., Yuzhno-Sakhalinsk, 693000 Tel. +7 (4242) 498-201 Fax: +7 (4242) 498-216 E-mail: mpr@admsakhcpr.ru
			Forestry facility							
7.	Wood-working facility, "Business Marketing", LLC	"Noglikskiy Town District", "Okhinskiy Town District" MU, "Alexandrovsk-Sakhalinskiy Town District", "Smirnykhovskiy Town District", "Tymovskiy Town District" MU	Creation of the modern commercially viable forestry integrated enterprise with vertical integrated structure while saving the ecological potential and forests biodiversity. The total area covered by the project is 1 mln ha including the 740-750 thousand m³ per yaer of soft wood distribution (larch, spruce, fir). Designed capacity of the wood-working facility is 200 thousand m³ of lumber per year as well as 370 thousand of dense industrial chips per year	2012–2018	200,3	10,0	183,6	6,7	700	Sakhalin Region Ministry of Forestry and Hunting 107 Mira Ave., Yuzhno-Sakhalinsk, 693000 Tel. +7 (4242) 469-560 Fax: +7 (4242) 467-159 E-mail: dp_stroy@adm.sakhalin.ru
			Fishery facility							
8.	Creation of the capacities to increase the volume of aquatic biological resources recovery within Sakhalin and Kuril Islands water area, including its further processing at the onshore facilities. "Gidrostroy" CJSC	Krabozavodskoye Settlement, "Yuzhno-Kurilskiy Town District" MU, Korsakov Town, Ozerskoye Settlement, "Korsakovskiy Town District" MU	The healthy increase of the aquatic biological resources recovery and processing volumes through the development of the port and warehouse infrastructures as well as arrangement of the canned food production. Capacity: – Fish processing plant in Krabozavodskoye Settlement – 270 thousand tons; – Shykotan Island Krabovaya Bay Pier for 106 linear meters. – Refrigerating Facilities at the area of the Korsakov Sea Port – 5 thousand tons; – Canned food production facilities in Ozerskoye Settlement – 40 tons per shift.	2010–2012	35,6	23,3	–	12,3	350	Agency of Kuril Isles development and Sakhalin Region investment programs 20 Karla Marksa St., Yuzhno-Sakhalinsk, 693000 Tel. +7 (4242) 724-024 Fax: +7 (4242) 724-024 E-mail: dip-asr@mail.ru CJSC "Gydrostroy" 11-A Zarechnaya St., Kurilsk, 694530 Tel. +7 (42454) 4-22-40 Fax: +7 (42454) 4-20-64
9.	Construction of a Marine biotechnical park Sakhalin Region Authorities "Rout 2009", LLC	"Anivskiy Town District" MU, "Kholmskiy Town District" MU, "Nevelskiy Town District" MU, "Yuzhno-Kurilsk Town District' MU	Creation of the high tech zone of innovation and industrial growth on the basis of aquaculture sustainable development, of the produced products deep and full processing as well as development of the related facilities. Capacity: – Juveniles breeding (sea cucumber, scallop) onshore facility – 10 mln pcs per year; – Sea primary products processing: 32 tons per year – dried sea cucumber; 300 tons per year – scallop fillet.	2013–2019	101,3	–	83,3	18,0	190	Sakhalin Region Fishery Agency 44 Kurilskaya St., Yuzhno-Sakhalinsk, 693000 Tel. +7 (4242) 722-746 Fax: +7 (4242) 723-991

Fishery facility										
10.	Development of aquaculture facilities (construction of salmon breeding plants in the Sakhalin Region) Sakhalin Region Authorities, Kurilsk Town District" MU, "Yuzhno-Kurilsk Town District" MU, "Severo-Kurilsk Town District" MU, Fishing companies group	"Kurilsk Town District" MU, "Yuzhno-Kurilsk Town District' MU "Severo-Kurilsk Town District" MU	Increase of hydrobionts yield (salmons) on at least 45 thousand tons per year	2011–2015	108,4	–	108,4	–	100	Sakhalin Region Ministry of Investments and External Relations 39 Kommunisticheskiy Ave., Yuzhno-Sakhalinsk, 693011 Tel.: +7 (4242) 469-392 Fax: +7 (4242) 469-395 E-mail: mininvest@admsakhalin.ru
11.	Fishery fleet renewal Sakhalin Region Authorities, "Kurilsk Town District", "Yuzhno-Kurilsk Town District", Fishing companies group	Kurilsk Town District", "Yuzhno-Kurilsk Town District"	Kurilsk and Yuzhno-Kurilsk Fishery fleet Integrated renewal of the Kurilsk Town District" and "Yuzhno-Kurilsk Town District" MUs. Hydrobionts yield in the RF will increase on at least 75 thousand tons per year	2012–2015	133,8	–	133,8	–	430	Sakhalin Region Fishery Agency 44 Kurilskaya Str., Yuzhno-Sakhalins, 693000 Tel.: +7 (4242) 722-746 Fax: +7 (4242) 723-991
Agriculture										
12.	Construction of a modern facility for growing, storage and processing of agricultural production "Zarechnoe sovhoz", CJSC	Krasnogorsk Town, "Tomarinskiy" Town District	The project stipulates construction of a modern facility for growing, storage and processing of agricultural production. Capacity of: vegetable storage – 3 thousand tons; potato storage – 3 thousand tons; greenhouse facility – 2 ha; "Soft" preserves production – 1.2 mln packs per year	2012	8,1	0,2	3,6	4,3	77	Sakhalin Region Ministry of Agriculture, Commerce and Food 107 Mira Ave., Yuzhno-Sakhalinsk, 693000 Tel. +7 (4242) 467-251 Fax: +7 (4242) 467-253 E-mail: up_agro@adm.sakhalin.ru
Mineral resources production										
13.	Development of innovation sector (rhenium mining and production) Institute of Volcanology and Geodynamics of Russian Academy of Natural Sciences	"Kurilsk Town District", MU	Out-of volcano gas rhenium extraction technique. Arrangement of non-waste, greenfield production of rhenium (rare metal) concentrate with anion exchange resins (or other sorbents)	2012–2015	56,7	–	56,7	–	60	Sakhalin Region Ministry of Investments and External Affairs 39, Kommunisticheskiy Ave., Yuzhno-Sakhalinsk, 693011 Tel. +7 (4242) 469-392 Fax: +7 (4242) 469-395 E-mail: mininvest@admsakhalin.ru

» Useful information. Administrative Authorities

The Sakhalin region Governor – The Chairman of Sakhalin region Government

Address: 39 Kommunisticheskiy Ave., Yuzhno-Sakhalinsk. Tel.: +7(4242) 469-101, fax 72-18-01
E-mail: ad_kanc@adm.sakhalin.ru
Web: http://www.adm.sakhalin.ru

Governor and Sakhalin region Government Administration

32 Kommunisticheskiy Ave., Yuzhno-Sakhalinsk. Tel.: +7 (4242) 469-115, fax 420-831
E-mail: ad_kanc@adm.sakhalin.ru
Web: http://www.adm.sakhalin.ru

Sakhalin Regional Duma

37 Chekhova, Yuzhno-Sakhalinsk. Tel.: +7 (4242) 469-307, 42-14-89, fax 72-15-46
E-mail: chairman@duma.sakhalin.ru
Web: http://www.duma.sakhalin.ru

Ministry of Investments and Foreign Economic Relations of Sakhalin region

Address: 39 Kommunisticheskiy Ave., Yuzhno-Sakhalinsk. Tel.: +7 (4242) 469-392, fax 469-395
E-mail: mininvest@admsakhalin.ru
Web: http://www.mininvest.admsakhalin.ru

Sakhalin Region Ministry of Economic Development

32 Kommunisticheskiy Ave., Yuzhno-Sakhalinsk. Tel.: +7 (4242) 469-285, fax 50-53-40
E-mail: dp_plan@adm.sakhalin.ru
Web: http://www.mineconom.admsakhalin.ru

RF Ministry of Foreign Affairs Agency in Yuzhno-Sakhalinsk

Office 419, 39 Kommunisticheskiy Ave., Yuzhno-Sakhalinsk. Tel.: +7 (4242) 72-74-97; fax: 72-73-41

Sakhalin Customs Office

56-a Pogranichnaya Str., Yuzhno-Sakhalinsk. Tel.: +7 (4242) 491-228, fax 72-21-57

RF Administration of Federal Migration Service over Sakhalin region

56/6 Mira Ave., Yuzhno-Sakhalinsk. Tel.: +7(4242) 789-960, fax 789-810

Administration of RF Federal Tax Service over Sakhalin region

14 Karla Marksa, Yuzhno-Sakhalinsk. Tel.: +7 (4242) 74-02-00, fax 74-02-86

The Foreign Countries Diplomatic Missions

Yuzhno-Sakhalinsk Administrative Office of Republic of Korea Consulate General of Vladivostok city

283B Lenina Str., Yuzhno-Sakhalinsk. Tel.: +7 (4242) 462-430, +7 (4242) 462-431, fax: +7 (4242) 462-432

Honourable Consulate of USA

Lada Hotel, Room 203, 154 Komsomolskaya str., Yuzhno-Sakhalinsk. Tel.: +7 (4242) 42-49-17, +7 914 7040867

Consulate General of Japan in Yuzhno-Sakhalinsk

234 Lenina str., Yuzhno-Sakhalinsk. Tel.: +7 (4242) 725-530, fax: +7 (4242) 725-531

Honourable Consulate of Kingdom of the Netherlands in Yuzhno-Sakhalinsk

78 Chekhova str. (1st floor), Yuzhno-Sakhalinsk, Royal Bank of Scotland. Tel.: +7 (4242) 499-478, fax: +7 (4242) 499-476

Honourable Consulate of Great Britain

Office 1, 7 Militseiskaya str., Yuzhno-Sakhalinsk. Tel.: +7 (4242) 462911, +7 9147561851, fax: +7 (4242) 462-944

